



Water Policy Interim Committee

64th Montana Legislature

SENATE MEMBERS

BRADLEY MAXON HAMLETT--Chair
JENNIFER FIELDER
SHARON STEWART-PEREGOY
CHAS VINCENT

HOUSE MEMBERS

CARL GLIMM--Vice Chair
BOB BROWN
ZACH BROWN
KATHLEEN WILLIAMS

COMMITTEE STAFF

JASON MOHR, Lead Staff
HELEN THIGPEN, Staff Attorney
NADINE SPENCER, Secretary

MINUTES LOG

March 7, 2016
Room 172, Capitol Building
Helena, Montana

Please note: This document is a Minutes Log and provides a notation of the time elapsed between the beginning of the meeting and the time at which the item was presented or discussed, a motion was made, or a vote was taken. The narrative presented here is provided only as a guide to the audio or video record of the meeting. The official discussion, motion, or vote is available on the audio or video archive of this meeting. The Legislature does not prepare a transcript of meeting activities. The time designation may be used to locate the referenced discussion on the audio or video recording of this meeting.

Access to an electronic copy of these minutes and the audio or video recording is provided from the Legislative Branch home page at <http://leg.mt.gov>. On the left-side menu of the home page, select Committees, then Interim. Once on the page for Interim Committees, scroll down to the appropriate committee. The written Minutes Log, along with the audio and video recordings, is listed by meeting date on the interim committee's web page. Each of the Exhibits is linked and can be viewed by clicking on the Exhibit of interest. All Exhibits are public information and may be printed.

Please contact the Legislative Services Division at 406-444-3064 for more information.

COMMITTEE MEMBERS PRESENT

SEN. BRADLEY MAXON HAMLETT, chairman
REP. CARL GLIMM, vice chairman

SEN. JENNIFER FIELDER

REP. BOB BROWN
REP. ZACH BROWN
REP. KATHLEEN WILLIAMS

COMMITTEE MEMBERS EXCUSED

SEN. SHARON STEWART-PEREGOY
SEN. CHAS VINCENT

STAFF PRESENT

JASON MOHR, lead staff
HELEN THIGPEN, staff attorney
NADINE SPENCER, secretary

AGENDA (Attachment 1)

VISITORS' LIST (Attachment 2)

COMMITTEE ACTIONS

- The Water Policy Interim Committee (WPIC) approved the minutes log from January 11 and 12, 2016.

CALL TO ORDER AND ROLL CALL

00:00:01 Sen. Hamlett called the meeting to order at 9:07 a.m. The secretary called the roll. Sen. Vincent and Sen. Stewart-Peregoy were excused. **(Attachment 3)**

Approval of Minutes

00:01:23 **Motion/Vote:** Rep. Glimm moved to approve the minutes log from January 11-12, 2016. The motion carried unanimously by voice vote.

SJ2 STUDY: STATE ASSUMPTION OF FEDERAL SECTION 404 PERMITTING PROGRAM

Estimated Cost of Assumption

00:01:56 Jason Mohr, research analyst, Legislative Services Division, presented information on state assumption of the federal Section 404 permitting program and an annual cost estimate. **(Exhibit 1)**

00:11:33 Mr. Mohr discussed Wetland Program Development Grants that could be used to help the state pay for some of the costs associated with assumption of the 404 program. **(Exhibit 2)**

Committee Questions and Discussion:

00:12:51 Sen. Fielder asked Mr. Mohr about potential cost efficiencies with state assumption.

00:13:07 Rep. Williams entered the meeting.

00:13:59 Sen. Fielder said the state can gain some efficiencies by incorporating existing expertise within its agencies.

00:14:18 Sen. Hamlett said monuments can be included under federal land designations.

Perspectives on Assumption

00:14:58 Christian Schmidt, administrator, Planning, Prevention and Assistance Division, Department of Environmental Quality (DEQ).

00:17:44 Jeff Tiberi, Montana Association of Conservation Districts.

- 00:23:49 Tom Martin, chief, Environmental Services Bureau, Montana Department of Transportation. **(Exhibit 3)**
- 00:34:57 Richard McEldowney, riparian ecologist and Wetland Group manager, Confluence, Inc. **(Exhibit 4)**
- 00:46:44 David Patrick, principal, EcoAsset Management, Inc. **(Exhibit 5)**
- 00:56:15 Tom Hines, director, Program Development, Montana Aquatic Resources Services. (MARS).

Public Comment: None

Committee Questions and Discussion:

- 01:02:28 Rep. Williams asked the presenters to give their perspective on the cost estimate prepared by staff.
- 01:03:13 Mr. Schmidt said the job of project manager at the Army Corps of Engineers may not be equivalent to the permitting staff job at the DEQ.
- 01:04:26 Mr. McEldowney said the estimate does not take into account cyclical needs and additional costs that may be incurred.
- 01:05:31 Sen. Fielder asked Mr. Tiberi if the conservation districts can assume some of the responsibility for the 404 permitting program. Mr. Tiberi said it will vary by district.
- 01:06:56 Sen. Fielder asked Mr. Tiberi if he will survey the conservation districts to find out if they are interested in taking on the responsibility for 404 permits. Mr. Tiberi said it will depend on the direction given by the WPIC.
- 01:07:32 Rep. Williams said a survey should also include the Department of Fish, Wildlife, and Parks (FWP). Mr. Tiberi said a survey will need to be coordinated with all of the agencies involved.
- 01:09:23 Rep. Glimm asked Mr. Schmidt if nationwide or general permits can be substituted for individual permits. Mr. Schmidt said it may be possible to develop a regional permit specific to the state's boundaries.
- 01:11:17 Rep. Williams asked Mr. Schmidt about the extent of DEQ's involvement when nationwide permits are renewed, and if during the renewal process another permit can be used. Mr. Schmidt said he will need to get more information about DEQ's involvement.
- 01:12:32 Sen. Hamlett asked Mr. Martin about the timeliness of permits and if the process would be quicker with state assumption. Mr. Martin said it may be possible.
- 01:14:16 Sen. Hamlett asked Mr. Martin to find out how much the state and private enterprise has paid for mitigation costs during the past five years and what the correlation is.
- 01:16:10 Rep. Glimm said another efficiency for state assumption is that it will only need to comply with the Clean Water Act and not subsequent rules.
- 01:17:29 Rep. Williams asked staff whether or not the state will need to comply with court decisions after the Clean Water Act was enacted. Helen Thigpen, staff attorney, Legislative Services Division, said she will find out.
- 01:18:42 Sen. Hamlett asked Mr. McEldowney about some of the problems the Corps' has with timeliness and inconsistencies.

01:24:41 Sen. Hamlett asked Mr. McEldowney if personnel changes at the Corps during the permitting process can cause problems. Mr. McEldowney said it can.

01:25:40 Sen. Hamlett commented on current problems in the permitting process.

01:26:14 Sen. Hamlett asked Mr. Tiberi which state agencies should be involved if the state takes over 404 permits. Mr. Tiberi said both the DEQ and the DNRC will need to be involved.

01:27:47 Sen. Hamlett said conservation districts know their areas well. Mr. Tiberi agreed and said they are a good resource.

01:28:38 Sen. Hamlett asked Mr. Tiberi if state assumption of 404 permits will be served best by long-term state employees.

01:29:58 Sen. Hamlett asked Mr. Tiberi about the importance of the mitigation program for wetlands.

01:31:28 Sen. Hamlett asked Mr. Schmidt about mitigation banks and if the size of the state presents problems.

01:32:17 Sen. Hamlett asked Mr. Schmidt if mitigation needs to stay in the same area. Mr. Schmidt said DEQ mirrors what the Corps has done and tries to stay in the same watershed.

Update of WOTUS Lawsuits

01:33:07 Jon Bennion, Attorney General's Office, presented an update on lawsuits filed against the EPA's Clean Water Rule.

Public Comment:

01:39:10 Mr. Tiberi said he will be in Washington, D.C., when the EPA's Assumable Waters subcommittee meets and can ask any questions for the WPIC.

01:40:09 Dane Gamble, Bridger Creek Golf Course, Bozeman, commented on the lawsuit.

Committee Questions and Discussion:

01:42:20 Sen. Hamlett asked Mr. Bennion if the change in rule will mean that more waters in Montana will require 404 permitting. Mr. Bennion said it is a concern.

Direction to Staff

01:43:28 Mr. Mohr said he needs suggestions from the WPIC in order to draft findings for the SJ 2 report.

01:44:17 Sen. Fielder asked staff to find out if the state would need to run its program the same way as the federal government.

01:44:52 Rep. Z. Brown said the SJ 2 report will benefit the 2017 Legislature and future legislators.

01:45:19 Sen. Hamlett asked staff to look at the current and proposed rules on "Waters of the U.S." and whether it will result in an increase or decrease in permits and how that will affect staffing and time needed for processing. Mr. Mohr said when the Clean Water Rule was being considered it was thought there would be about a 4% increase in permits.

01:47:15 Rep. Z. Brown said the report should include an analysis on the estimated cost of transition for state assumption.

- 01:48:02 Sen. Hamlett said the report should also include the projected cost of a delay due to an increase in the volume of permits. He requested a list of the current number of miles of navigable rivers and streams compared to if the rule is changed.
- 01:49:30 Mr. Mohr said he will make sure it is clear what is jurisdictional under Section 404 and Section 10 of the Rivers and Harbors Act. He said a question that needs to be answered is if the Corps retains jurisdiction over Section 10 permits will it also do Section 404 permits.
- 01:50:15 Rep. Williams said it may be difficult to get a quantitative comparison of navigable rivers and streams because of the criteria of whether there is a significant nexus.
- 01:51:17 Sen. Hamlett asked staff to review what was said by the EPA about jurisdiction during a previous Environmental Quality Council (EQC) meeting.
- 01:52:15 Sen. Hamlett asked staff to find out about the federal government staffing level changes for different permitting programs.
- 01:53:44 Rep. Williams asked Mr. Mohr if the draft report will be circulated to the agencies that gave informational testimony at the WPIC meetings for their comments. Mr. Mohr said he might have the agencies review the report to make sure the facts are correct.
- 01:55:37 Rep. Williams asked if the draft report background section will be available at the WPIC meeting in May or just the list of potential findings. Mr. Mohr said the findings will be available.
- 01:56:54 Rep. Williams said the background information helps with the findings and thanked staff for their work.
- 01:57:22 Recess for lunch
- 03:52:28 Reconvene

Rep. Z. Brown left the meeting.

STUDY OF WATER AVAILABILITY AND SUPPLY

Use of Gray Water

- 03:53:14 Barb Kingery, subdivision lead, Public Water and Subdivisions Bureau, DEQ, discussed the gray water regulations that have been adopted by the state.

How the City of Bozeman Is Planning for Future Water Supply

- 03:55:52 Brian Heaston, senior engineer, Public Works Department, City of Bozeman, presented a PowerPoint presentation on the water supply planning challenges for the City of Bozeman. **(Exhibit 6)**
- 04:13:43 Laine Leoniak, water conservation specialist, Engineering Division, City of Bozeman, discussed the city's groundwater conservation program.
- 04:26:38 Craig Woolard, director, Public Works, City of Bozeman, commented on the work being done by the city in regards to water supply planning and some of the issues involved.

Public Comment: None

Committee Questions and Discussion:

- 04:31:19 Sen. Fielder asked Mr. Heaston to provide additional information on the watersheds located on U.S. Forest Service land.
- 04:32:21 Sen. Fielder asked Mr. Heaston if the city has assessed how forest management practices are yielding water supply. Mr. Heaston said they have not, but have with respect to susceptibility of the resource to potential impacts.
- 04:33:40 Sen. Fielder asked Mr. Heaston if he had seen the study completed by the Sierra Nevada Research Institute at the University of California-Merced on forest management practices and watersheds. Mr. Heaston thanked Sen. Fielder for the resource and said he could do an additional presentation on watershed management at a future WPIC meeting.
- 04:35:29 Sen. Fielder asked Mr. Heaston why forest management practices were not included in the city's plan. Mr. Heaston said the purpose of the plan was to identify potential water supply alternatives to meet long-range needs.
- 04:36:05 Sen. Fielder asked Mr. Heaston if better forest management was considered as an alternative to help with the water supply. Mr. Heaston said it was not. Sen. Fielder recommended that the city consider it as an alternative.
- 04:36:31 Sen. Hamlett asked Mr. Heaston if any lawsuits were filed on the fuels reduction project on Hyalite Basin. Mr. Heaston said there were multiple lawsuits filed against the U.S. Forest Service.
- 04:37:07 Sen. Hamlett asked Mr. Heaston what the desired outcome is for the city. Mr. Heaston said the city supports the project.
- 04:38:44 Sen. Hamlett said the city has a plan to protect the watershed by fuel reduction and a plan to treat water if there is a major fire within the watershed. Mr. Heaston agreed.
- 04:39:00 Rep. Williams asked Ms. Kingery if people are aware of the gray water systems property tax abatement created by SB 265 (2011) and if the incentive is enough for new construction to adopt gray water systems.
- 04:40:48 Rep. Williams said as of tax year 2014 no property owners had used the abatement and asked Ms. Kingery if DEQ would consider putting out a public notice. Ms. Kingery said it would.
- 04:41:39 Rep. Williams asked Ms. Leoniak about the use of artificial turf.
- 04:43:44 Ms. Leoniak said people can reduce their water footprint by watering efficiently.
- 04:44:24 Sen. Fielder asked Ms. Leoniak if the city is using soil amendments to help retain moisture. Ms. Leoniak said it is.
- 04:46:26 Rep. B. Brown asked Mr. Heaston if the gallons per day per capita has been factored into the city's 30-year plan. Mr. Heaston said it has been.
- 04:47:57 Rep. B. Brown asked Mr. Heaston about the climate adjusted water supply and if it can look back 50 years.
- 04:49:52 Sen. Hamlett asked Ms. Leoniak if Bozeman's municipal water is metered and if so for how long. Ms. Leoniak said it has been for a long time.
- 04:50:36 Sen. Hamlett asked how many acre feet the city is considering for groundwater development. Ms. Leoniak said 5,810 acre feet.
- 04:50:56 Sen. Hamlett asked Ms. Leoniak about exempt wells and if the city is considering injecting water into an area so that it can be pumped out later. Ms. Leoniak said the city is doing a groundwater investigation study.

04:52:26 Rep. Williams asked Mr. Woolard if there are incentives for development to occur where investments are being made to ensure high quality drinking water.

04:55:31 Rep. Williams asked Mr. Woolard what the legislature can do to help all water users work together to manage water resources. She also asked Mr. Woolard about the meeting he attended with other public works departments from large cities in Montana.

04:58:36 Rep. Glimm asked Mr. Woolard about the projected growth for housing units per year.

05:00:13 Rep. Glimm asked Mr. Woolard if there is information online about lot inventory.

05:01:27 Sen. Hamlett asked Mr. Woolard about the cost to hook-up to city water. Mr. Woolard said water impact fees are between \$1,000 and \$2,000.

05:01:54 Sen. Hamlett asked Mr. Woolard if the water impact fees take into account future growth and development of water sources. Mr. Woolard said the funds are used to size the system so the city can provide service.

05:03:37 Sen. Hamlett asked Mr. Woolard if it is possible, as an alternative to raising the current dam, to put a dam above or below the Hyalite Reservoir to hold more water. Mr. Woolard said he did not know if it is technically feasible, but it is not being considered as part of the integrated water resource plan.

05:05:08 Sen. Hamlett asked Mr. Woolard if the city of Bozeman still holds the Mystic Lake water right. Mr. Woolard said the city still feels that it has the right.

05:05:38 Sen. Hamlett asked Tim Davis, administrator, Water Resources Division, Department of Natural Resources and Conservation (DNRC), if the city of Bozeman still has a valid water right on Mystic Lake. Mr. Davis said it is a legal question and he did not know.

05:06:11 Sen. Hamlett asked Mr. Davis if the city abandoned the water right.

05:06:56 Sen. Hamlett asked Mr. Davis how long the dam has been out of use. Mr. Davis said the dam was breeched in 1984.

05:07:06 Sen. Hamlett asked Mr. Davis about the parameters for a groundwater development area in Bozeman.

05:09:08 Sen. Hamlett asked Mr. Davis if the City of Bozeman can use water from another source to inject in the ground to mitigate its use year-round. Mr. Davis said that is what the city will have to do.

05:09:57 Rep. Williams asked Mr. Davis if the city can transfer a legitimate existing surface water storage right to downstream groundwater storage. Mr. Davis said the city is looking at that as a potential option. Sen. Williams asked if it was prohibitive under statute to convert surface water storage to groundwater storage. Mr. Davis said it is not technically prohibitive

05:12:00 Rep. Glimm asked Mr. Davis if someone buying a water right from an irrigation user that had been using flood irrigation in the past, but is now using sprinkler irrigation, if the mitigation they have to provide is for what was flood irrigation.

05:14:52 Rep. Glimm asked Mr. Davis when the Department of Fish, Wildlife, and Parks got some of the instream flow rights it has for fisheries. Mr. Davis said they are all post 1973 except for Murphy Rights.

05:15:28 Rep. Glimm asked Mr. Davis if groundwater mitigation releases water into the stream throughout the year, are we creating artificial winter levels that fish did not historically have.

- 05:19:32 Rep. Glimm asked why approval is given when a switch is made from sprinkler to flood irrigation because it changes what is going on in the ground. Mr. Davis said the DNRC does not have authority to review changes in method of irrigation.
- 05:20:43 Rep. B. Brown asked Mr. Davis if there has been any research done on using pervious asphalt. Mr. Davis referred the question to the City of Bozeman. Mr. Woolard said there has been and it is being used as an effective way to deal with storm water run-off.
- 05:24:08 Sen. Hamlett asked Mr. Woolard if any municipalities have captured storm water and treated it to use for irrigation to help with the demand for water. Mr. Woolard said he is not aware of any.
- 05:25:27 Sen. Hamlett asked Mr. Woolard if there are any EPA regulations on the treatment of storm water before it is re-released. Mr. Woolard said there are.

Examining Montana's Aging Water Supply and Storage Infrastructure

- 05:28:27 Melissa Matassa-Stone, senior project engineer, WGM Group, representing the American Society of Civil Engineers, gave a PowerPoint presentation on the 2014 report card for Montana's infrastructure. **(Exhibit 7)**
- 05:45:08 Mark Smith, program manager, Technical and Financial Assistance Bureau, Department of Environmental Quality (DEQ), presented information on the State Revolving Fund (SRF) loan program for drinking water projects and wastewater projects.
- 05:48:39 Tim Davis, administrator, Water Resources Division, Department of Natural Resources and Conservation (DNRC), presented information on water storage in Montana. **(Exhibit 8)**
- 05:51:40 Mr. Davis discussed the DNRC dam safety program. **(Exhibit 9)**

Public Comment:

- 05:54:56 Anna Miller, chief, Loan and Financial Management Bureau, Conservation and Resource Development Division, DNRC, discussed the SRF program. **(Exhibit 10)**
- 06:00:56 Cathy Duncan, Legislative Fiscal Division, said she works on state infrastructure grant programs and is available for questions.

Committee Questions and Discussion:

- 06:01:49 Sen. Fielder asked Mr. Davis why a 50-acre feet reservoir is considered a high hazardous dam.
- 06:02:49 Rep. B. Brown asked Ms. Matassa-Stone if the infrastructure report card can be broken down regionally within the state. Ms. Matassa-Stone said it can be and she will provide the information to staff.
- 06:05:22 Rep. Glimm said infrastructure needs should be given priority over infrastructure wants. Ms. Matassa-Stone agreed.
- 06:07:56 Rep. B. Brown asked Mr. Davis if there are any infrastructure systems in the state that still have lead service lines. Mr. Davis referred the question to the DEQ. Mr. Smith said there are still communities with lead service lines, but lead and copper are regulated and monitored. He said most public systems treat water or use a protective coating inside pipes.

06:10:08 Rep. B. Brown asked what the state is doing to remove lead. Mr. Smith said DEQ continues to monitor and report the regulatory requirements of lead and copper.

06:10:44 Sen. Fielder asked Ms. Miller if there have been any projects that have addressed lead and have used protective coatings in pipes. Ms. Miller said there have not been any lead specific related projects, but that pipes have been replaced as part of other projects.

06:12:34 Sen. Fielder asked Ms. Miller if requests to treat lead pipe, because of a public safety hazard, ranks higher than other requests. Ms. Miller said there are enough funds in the revolving loan fund program to meet all requests. She referred the question to DEQ.

06:13:34 Mr. Smith said documented health risks are scored higher in the drinking water SRF program.

06:14:13 Sen. Hamlett asked Ms. Matassa-Stone if any money from the federal Urban Renewal Program was for infrastructure. Ms. Matassa-Stone said she did not know.

06:14:57 Sen. Hamlett asked Ms. Matassa-Stone if pipe that is available now will last longer than old pipe. Ms. Matassa-Stone said it will.

06:16:35 Sen. Fielder asked Ms. Matassa-Stone about funding for state and federal irrigation projects through the reclamation fund.

06:18:05 Sen. Fielder asked Ms. Matassa-Stone to provide a breakdown of how irrigation canal projects are rated by jurisdiction or ownership.

06:20:03 Sen. Hamlett said small communities with a decreased tax base would be unable to address their aging infrastructure systems without the programs that the state provides.

YELLOWSTONE CLUB RECLAIMED WASTEWATER SPILL

06:21:21 Tom Livers, director, Department of Environmental Quality (DEQ), presented information on the leak from a storage pond at the Yellowstone Club on March 3. **(Exhibit 11)**

Committee Questions and Discussion:

06:33:32 Rep. Williams asked Mr. Livers if the sampling that was done by DEQ on March 5 and 6 showed the total extent of the spill. Mr. Livers said sampling was done earlier by the Yellowstone Club and the Gallatin River Task Force.

06:36:00 Rep. Williams asked Mr. Livers about the high levels of turbidity and the effect as the flow released and cut through sediment, versus what was being stored in the pond. Mr. Livers said all the turbidity in the water was from the flow.

06:37:32 Rep. Williams asked Mr. Livers if what was being stored in the pond would meet water quality standards and otherwise be discharged safely. Mr. Livers said it would not.

06:39:22 Rep. Glimm asked Mr. Livers about the type of material that the spill cut through.

06:40:35 Sen. Fielder asked Mr. Livers if the discharge of 35 million gallons is equivalent to 107 acre feet. Mr. Livers said he will find out.

06:41:24 Rep. Glimm said the calculation of gallons to acre feet was correct.

06:41:57 Sen. Hamlett asked Mr. Livers if the standard for settlement ponds are the same for unincorporated and incorporated communities. Mr. Livers said it is.

06:43:52 Sen. Hamlett asked Mr. Livers if storage ponds are inspected after construction. Mr. Livers said the agency tries to inspect them when it can.

06:44:27 Sen. Hamlett asked Mr. Livers about the treatment systems at Big Sky and the Yellowstone Club. Mr. Livers said both have sophisticated treatment systems.

06:45:34 Sen. Hamlett asked Mr. Livers if the problem occurred in the galvanized pipe that was used to provide a pathway for other pipes. Mr. Livers said the breach came inside the galvanized pipe and outside the interior pipes.

06:46:56 Sen. Hamlett said over time galvanized pipe can rust, corrode, and weaken.

06:47:34 Sen. Hamlett asked Mr. Livers if there was an emergency head gate pipe that could have been closed.

06:48:06 Sen. Hamlett asked if the water was out of the carry pipe. Mr. Livers said it was. Sen. Hamlett said it will be interesting to find out if there was a shut-off for that pipe

06:48:47 Sen. Hamlett said the weak link was the pipe and asked if the pond was designed the way it was because of the elevation and freezing temperatures. Mr. Livers said that is what they are speculating.

06:50:08 Rep. Williams asked about the potential for leakage from the storage cell in the Riverside subdivision into the East Gallatin River and if the DEQ has issued an administrative order. Mr. Livers said he will find out.

06:50:58 Sen. Hamlett asked Mr. Livers what the requirements are for spreading effluent water. Mr. Livers said it varies. Sen. Hamlett provided an example of some of the restrictions for using effluent water.

06:53:07 Sen. Hamlett said he would like the DEQ to provide details about what is in the water as a result of the spill.

06:54:05 Sen. Hamlett asked if the DEQ is relying on high water to flush the river system. Mr. Livers said they may not need to wait until spring runoff because the river seems to be clearing now.

06:55:48 Sen. Hamlett asked Mr. Livers if the DEQ will start looking at the designs of storage systems in order to prevent another incident. Mr. Livers said the DEQ will be doing a review.

06:57:13 Sen. Hamlett asked Mr. Livers if the Yellowstone Club had a private inspection done every year. Mr. Livers said he heard they did, and the DEQ is looking at the available reports.

06:58:00 Rep. Williams asked if the storage pond is considered part of the water supply system or part of a treatment system. Mr. Livers said it is part of the treatment system only.

06:59:07 Sen. Hamlett asked who will be responsible for clean-up costs. Mr. Livers said the entities responsible will be held liable.

07:03:21 Recess

07:12:09 Reconvene

RENEWABLE RESOURCE GRANT AND LOAN PROGRAM UPDATE (85-1-621, MCA)

07:12:31 Alice Stanley, chief, Resource Development Bureau, DNRC, gave an update on the Renewable Resource Grant and Loan Program. **(Exhibit 12)**

07:15:56 Ms. Stanley discussed 2017 biennium renewable resource project grants.

07:18:12 Ms. Stanley discussed renewable resource project planning grants.

07:20:25 Ms. Stanley discussed renewable resource emergency grants and loans

07:20:50 Ms. Stanley discussed irrigation development grants.
07:21:57 Ms. Stanley discussed watershed management grants.
07:23:08 Ms. Stanley discussed loans to public entities.
07:24:00 Ms. Stanley discussed loan to refinance existing debt.
07:25:16 Ms. Stanley discussed funding sources.
07:27:02 Ms. Stanley said the report the WPIC received is an update and summary of the biennial budget report written in January 2015. **(Exhibit 13)**

Public Comment:

07:27:24 Mike Murphy, Montana Water Resources Association, said the association appreciates the financial resources available through the Renewable Resource Grant and Loan Program and asked that the state's aging irrigated agriculture be considered when discussing possible infrastructure programs.

Committee Questions and Discussion:

07:29:43 Sen. Fielder thanked Ms. Miller for taking the initiative to help communities refinance their existing debt.
07:30:04 Rep. Williams asked Ms. Stanley how preserving the state's natural heritage fits into the criteria used when ranking programs. Ms. Stanley said the highest scoring projects will be ones that conserve, manage, sustainably develop, or preserve a renewable resource.
07:36:07 Rep. Williams asked about the objective in statute that the program is the key implementation of the state water plan and how the program is adapted to fulfill the statute. Ms. Stanley said projects that implement the state water plan are scored higher.
07:37:49 Rep. Williams asked Ms. Stanley if the new state water plan changed the program much.
07:39:52 Rep. Williams said the WPIC will probably hear more about the state water plan and if it is being fully integrated into other state programs.
07:40:24 Sen. Hamlett said he also commends the program that allows communities to refinance and lower their interest rates. He asked Ms. Miller to provide information on the amount of the existing loan and how much money the community of Thompson Falls will be able to save.

ADJOURNMENT

07:42:58 Sen. Hamlett adjourned the meeting at 4:50 p.m.

CI0099 6103nsxa.